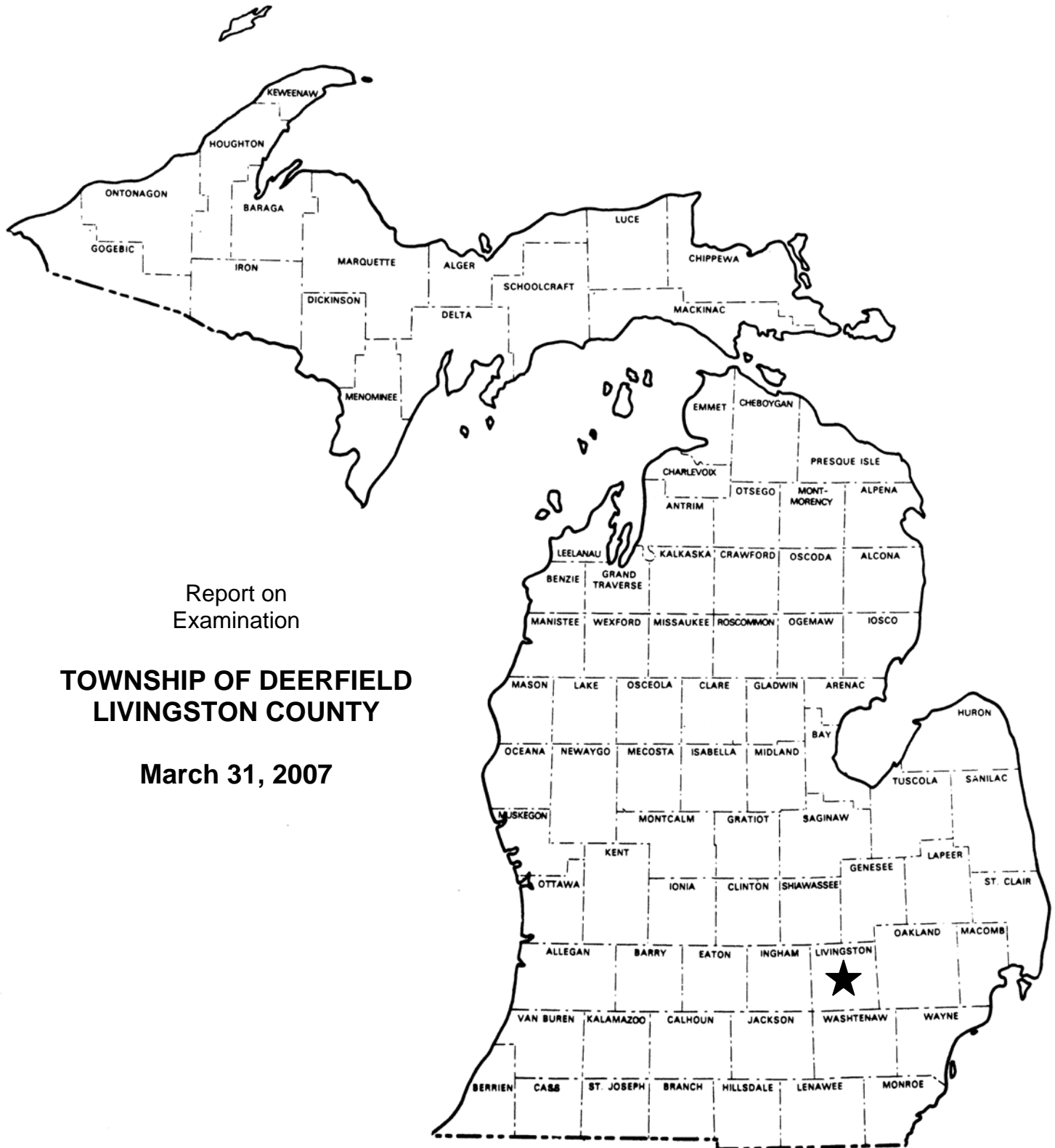


**STATE OF MICHIGAN**  
JENNIFER M. GRANHOLM, Governor  
**DEPARTMENT OF TREASURY**



DEERFIELD TOWNSHIP--LIVINGSTON COUNTY  
TOWNSHIP BOARD

Thomas Green  
Supervisor

Nancy Laier  
Clerk

Cheryl Petchell  
Treasurer

Douglas Taylor  
Trustee

Alfred Mattioli  
Trustee

TOWNSHIP POPULATION--2000  
4,087

STATE EQUALIZED VALUATION--2006  
\$251,299,203



JENNIFER M. GRANHOLM  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

ROBERT J. KLEINE  
STATE TREASURER

September 20, 2007

Township Board  
Township of Deerfield  
4492 Center Road  
Linden, Michigan 48451

RE: Unqualified Opinions on Basic Financial Statements Accompanied by Required  
Supplementary Information and Supplemental Information

Independent Auditor's Report

Dear Board Members:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Deerfield Township, Livingston County, Michigan, as of and for the year ended March 31, 2007, which collectively comprise the township's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of Deerfield Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Deerfield Township, as of March 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated September 20, 2007, on our consideration of Deerfield Township's internal control over financial

reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 1 through 7 and the Budgetary Comparisons for Major Funds in Exhibits J through M are not a required part of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Deerfield Township's basic financial statements. The accompanying supplemental information in Exhibits N through Q is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements, taken as a whole.



Cary Jay Vaughn, CPA, CGFM  
Audit Manager  
Local Audit and Finance Division

# DEERFIELD TOWNSHIP--LIVINGSTON COUNTY

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**DEERFIELD TOWNSHIP--LIVINGSTON COUNTY**

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# TOWNSHIP OF DEERFIELD--LIVINGSTON COUNTY

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Township, as a whole, and present a longer-term view of the Township's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

### The Township as a Whole

The Township's net assets for the governmental funds increased \$172,731 from a year ago for the governmental activities. The Township's net assets for the business-type activities increased \$371 from a year ago. In a condensed format, the tables below show a comparison of the net assets as of the current year to the prior year.

	Governmental Activities 2006	Governmental Activities 2007	Difference	Percent
Current and Other Assets	\$ 958,231	\$ 1,053,886	\$ 95,655	10%
Capital Assets	5,009,809	4,956,496	(53,313)	-1%
Total Assets	5,968,040	6,010,382	42,342	1%
Long-Term Debt Outstanding	675,382	541,205	(134,177)	-20%
Other Liabilities	67,643	71,431	3,788	6%
Total Liabilities	743,025	612,636	(130,389)	-18%
Net Assets				
Invested in Capital Assets--Net of Debt	4,334,427	4,415,291	80,864	2%
Restricted	317,801	364,204	46,403	15%
Unrestricted	572,787	618,251	45,464	8%
Total Net Assets	\$ 5,225,015	\$ 5,397,746	\$ 172,731	3%

A portion of the Township's net assets in the amount of \$4,415,291 reflects its investments in capital assets (e.g., land, buildings, vehicles, equipment, and infrastructure) less any related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

# TOWNSHIP OF DEERFIELD--LIVINGSTON COUNTY

## MANAGEMENT'S DISCUSSION AND ANALYSIS

An additional portion of the Township's net assets, \$364,204, represents resources that are subject to external restrictions on how they may be used.

The remaining balance of \$618,251 represents "*unrestricted net assets*" that may be used to meet the Township's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Township is able to report positive balances in all three categories (invested in capital assets-net of related debt, restricted and unrestricted) of net assets, both for the government, as a whole, as well as for its separate governmental and business-type activities as explained above.

	Business-Type Activities 2006	Business-Type Activities 2007	Difference	Percent
Current and Other Assets	\$ 26,436	\$ 70,054	\$ 43,618	165%
Capital Assets	<u>1,750,910</u>	<u>1,726,770</u>	<u>(24,140)</u>	<u>-1%</u>
Total Assets	<u>1,777,346</u>	<u>1,796,824</u>	<u>19,478</u>	<u>1%</u>
Long-Term Debt Outstanding	64,025	44,818	(19,207)	-30%
Other Liabilities	<u>                    </u>	<u>38,314</u>	<u>38,314</u>	<u>100%</u>
Total Liabilities	<u>64,025</u>	<u>83,132</u>	<u>19,107</u>	<u>30%</u>
Net Assets				
Invested in Capital Assets--Net of Debt	1,686,885	1,681,952	(4,933)	0%
Unrestricted	<u>26,436</u>	<u>31,740</u>	<u>5,304</u>	<u>20%</u>
Total Net Assets	<u><u>\$1,713,321</u></u>	<u><u>\$1,713,692</u></u>	<u><u>\$ 371</u></u>	<u><u>0%</u></u>

# TOWNSHIP OF DEERFIELD--LIVINGSTON COUNTY

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The following table shows the changes of the net assets for the years ended March 31, 2006 and March 31, 2007:

	Governmental Activities <u>2006</u>	Governmental Activities <u>2007</u>	<u>Difference</u>	<u>Percent</u>
Program Revenues				
Charges for Services	\$ 329,474	\$ 329,794	\$ 320	0%
Operating Grants and Contributions	73,620	70,743	(2,877)	-4%
Capital Grants and Contributions			-	
General Revenues				
Property Taxes	320,681	343,894	23,213	7%
State-Shared Revenues	279,349	278,033	(1,316)	0%
Unrestricted Investment Earnings	<u>4,344</u>	<u>16,306</u>	<u>11,962</u>	<u>275%</u>
Total Revenues	<u>1,007,468</u>	<u>1,038,770</u>	<u>31,302</u>	<u>3%</u>
Program Expenses				
General Government	317,318	334,151	16,833	5%
Public Safety	220,571	242,535	21,964	10%
Public Works	270,667	155,152	(115,515)	-43%
Health and Welfare	2,300	1,800	(500)	-22%
Community and Economic Development	45,169	37,904	(7,265)	-16%
Recreation and Culture	6,543	3,434	(3,109)	-48%
Other	48,841	64,803	15,962	33%
Interest on Long-Term Debt	<u>30,110</u>	<u>26,113</u>	<u>(3,997)</u>	<u>-13%</u>
Total Expenses	<u>941,519</u>	<u>865,892</u>	<u>(75,627)</u>	<u>-8%</u>
Increase (Decrease) Before Special Items	65,949	172,878	106,929	162%
Special Items--Gain (Loss) on Disposal of Capital Assets	<u>(584)</u>	<u>(147)</u>	<u>437</u>	<u>-75%</u>
Increase (Decrease) in Net Assets	<u>\$ 65,365</u>	<u>\$ 172,731</u>	<u>\$ 107,366</u>	<u>164%</u>

The public works expenses decreased by \$115,515 because less money was spent on road repairs and chloride than in the prior year.

# TOWNSHIP OF DEERFIELD--LIVINGSTON COUNTY

## MANAGEMENT'S DISCUSSION AND ANALYSIS

	Business-Type Activities <u>2006</u>	Business-Type Activities <u>2007</u>	<u>Difference</u>	<u>Percent</u>
Program Revenues				
Charges for Services	\$139,665	\$174,065	\$ 34,400	25%
General Revenues				
Unrestricted Investment Earnings	<u>295</u>	<u>265</u>	<u>(30)</u>	<u>-10%</u>
Total Revenues	<u>139,960</u>	<u>174,330</u>	<u>34,370</u>	<u>25%</u>
Program Expenses				
Sewer	<u>159,947</u>	<u>173,959</u>	<u>14,012</u>	<u>9%</u>
Total Expenses	<u>159,947</u>	<u>173,959</u>	<u>14,012</u>	<u>9%</u>
Increase (Decrease) in Net Assets	<u><u>\$ (19,987)</u></u>	<u><u>\$ 371</u></u>	<u><u>\$ 20,358</u></u>	<u><u>-102%</u></u>

# TOWNSHIP OF DEERFIELD--LIVINGSTON COUNTY

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Governmental Activities

The Township's total governmental revenues increased by \$31,302 and the expenditures decreased by \$69,392, as follows:

	Governmental Activities 2006	Governmental Activities 2007	Amount Difference	Percent Difference
Revenues				
Taxes	\$ 320,681	\$ 343,894	\$ 23,213	7%
Licenses and Permits	20,969	22,115	1,146	5%
State Grants	283,464	282,351	(1,113)	0%
Charges for Services	28,519	7,816	(20,703)	-73%
Contributions From Local Units	1,548	1,674	126	8%
Fines and Forfeits	330	2,200	1,870	567%
Interest and Rentals	81,901	98,657	16,756	20%
Other	270,056	280,063	10,007	4%
Total Revenues	<u>1,007,468</u>	<u>1,038,770</u>	<u>31,302</u>	<u>3%</u>
Expenditures				
General Government	280,899	292,951	12,052	4%
Public Safety	204,540	232,497	27,957	14%
Public Works	270,667	155,152	(115,515)	-43%
Health and Welfare	2,300	1,800	(500)	-22%
Community and Economic Development	45,169	37,904	(7,265)	-16%
Other	48,841	64,803	15,962	33%
Capital Outlay	42,666	1,506	(41,160)	-96%
Debt Service				
Principal	91,103	134,177	43,074	47%
Interest	30,110	26,113	(3,997)	-13%
Total Expenditures	<u>1,016,295</u>	<u>946,903</u>	<u>(69,392)</u>	<u>-7%</u>
Excess of Revenues Over (Under) Expenditures	<u>(8,827)</u>	<u>91,867</u>	<u>100,694</u>	<u>-1141%</u>
Other Financing Sources (Uses)				
Interfund Transfers In	43,403	47,000	3,597	8%
Interfund Transfers (Out)	<u>(43,403)</u>	<u>(47,000)</u>	<u>(3,597)</u>	<u>8%</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>0%</u>
Beginning Fund Balance	<u>899,415</u>	<u>890,588</u>	<u>(8,827)</u>	<u>-1%</u>
Ending Fund Balance	<u>\$ 890,588</u>	<u>\$ 982,455</u>	<u>\$ 91,867</u>	<u>10%</u>

## **TOWNSHIP OF DEERFIELD--LIVINGSTON COUNTY**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

The tax revenue increased for the year as the Township continued to have a growing tax base. While the millage has remained unchanged, the Township has received additional revenue due to the growing tax base.

Expenditures decreased by \$69,392 for the year. The main reason for the decrease was public works expenditures decreased by \$115,515 because less money was spent on road repairs and chloride than in the prior year.

#### **Business-Type Activities**

The Township's business-type activities consist of the Sewer Fund. The Township provides sewage disposal services to some of the Township's residents. The revenues and expenses of the sewer system did not change significantly compared to the previous year.

#### **The Township's Governmental Funds**

Our analysis of the Township's major funds begins with Exhibit C, following the entity-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The Township's major funds for 2007 include the General Fund, Municipal Road Fund, Fire Fund and Compliance, Impact and Benefit Fund.

The General Fund pays for most of the Township's governmental services. The most significant are for general government activities, which incurred expenses of \$292,951 for 2007. These services are supported by the operating millage and State shared revenues. The Municipal Road Fund accounts for the road millage tax revenue that is restricted for use on county primary and local roads. The Fire Fund accounts for special assessment revenue that is restricted for fire protection and other emergency health and safety services. The Hidden Lake, Lobdell Lake, Ryan Lake and Katrine Hills Funds account for special assessment revenue that is restricted for lake clean up and channel weed control services. The Compliance, Impact and Benefit Fund accounts for gravel mining royalty revenue that is used for costs of compliance with environmental laws and regulations related to gravel mining, including road repairs and for general government activities. The Deerfield Hills Park Fund accounts for State grants and other contributions, for park land acquisition and park improvements.

## **TOWNSHIP OF DEERFIELD--LIVINGSTON COUNTY**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

#### **General Fund Budgetary Highlights**

Over the course of the year, the Township Board amended the budget to take into account events during the year. None of the changes were significant.

#### **Capital Asset and Debt Administration**

At the end of March 2007, the Township's governmental funds had \$4,956,496 invested in a broad range of capital assets including land, buildings and equipment, and \$1,726,770 invested in the sewer system. To pay for part of the costs of constructing a new town hall and fire hall, the Township entered into installment purchase agreement debt obligations with a remaining balance of \$541,205. To pay for the sewer capital assets, the Township entered into bond agreement debt obligations with a remaining balance of \$44,818.

#### **Economic Factors and Next Year's Budgets and Rates**

The Township's 2008 budget will remain primarily the same as 2007. The Township's budget is not expected to have any other significant fluctuations in revenues or expenses.

#### **Contacting the Township's Management**

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Township Clerk's Office at 4492 Center Road, Linden, MI 48451.

**DEERFIELD TOWNSHIP--LIVINGSTON COUNTY**  
**GOVERNMENT-WIDE STATEMENT OF NET ASSETS**  
**March 31, 2007**

**EXHIBIT A**

	<b>PRIMARY GOVERNMENT</b>		
	Governmental Activities	Business-Type Activities	Total
<b><u>ASSETS</u></b>			
Current Assets			
Cash and Cash Equivalents	\$ 742,849	\$ 64,975	\$ 807,824
Investments	187,518		187,518
Receivables			
Taxes--Delinquent	29,975		29,975
Special Assessments	24,943		24,943
Accounts	21,953	5,079	27,032
Due From State	45,648		45,648
Due From Other Funds--Agency Fund	1,000		1,000
Total Current Assets	1,053,886	70,054	1,123,940
Noncurrent Assets			
Capital Assets--Net of Accumulated Depreciation	4,956,496	1,726,770	6,683,266
Total Assets	6,010,382	1,796,824	7,807,206
<b><u>LIABILITIES</u></b>			
Current Liabilities			
Accounts Payable	22,036	38,314	60,350
Due to Other Funds--Pension Trust Fund	20,323		20,323
Accrued Liabilities	535		535
Performance Deposits Payable	22,310		22,310
Escrow Deposits Payable	6,227		6,227
Noncurrent Liabilities			
Bonds Payable--Due Within One Year		19,208	19,208
Bonds Payable--Due in More Than One year		25,610	25,610
Installment Loans Payable--Due Within One Year	84,654		84,654
Installment Loans Payable--Due in More Than One Year	456,551		456,551
Total Liabilities	612,636	83,132	695,768
<b><u>NET ASSETS</u></b>			
Investment in Capital Assets--Net of Related Debt	4,415,291	1,681,952	6,097,243
Restricted for			
Metro Act	13,127		13,127
Roads	213,030		213,030
Special Assessment Programs	41,661		41,661
Compliance Impact and Benefit Use	76,255		76,255
Capital Projects	20,131		20,131
Unrestricted	618,251	31,740	649,991
Total Net Assets	\$ 5,397,746	\$ 1,713,692	\$ 7,111,438

**The Notes to Financial Statements are an integral part of this statement.**

**DEERFIELD TOWNSHIP--LIVINGSTON COUNTY  
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
For the Year Ended March 31, 2007**

**EXHIBIT B**

Functions/Programs	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	PRIMARY GOVERNMENT		
					Governmental Activities	Business-Type Activities	Total
Primary Government							
Governmental Activities							
General Government	\$ 334,151	\$ 52,946			\$ (281,205)		\$ (281,205)
Public Safety	242,535	234,570	\$ 1,300		(6,665)		(6,665)
Public Works	155,152	28,978	8,743		(117,431)		(117,431)
Health and Welfare	1,800				(1,800)		(1,800)
Community and Economic Development	37,904	10,364			(27,540)		(27,540)
Recreation and Culture	3,434		173		(3,261)		(3,261)
Other	64,803	2,936	60,527		(1,340)		(1,340)
Interest on Long-Term Debt	26,113				(26,113)		(26,113)
Total Governmental Activities	865,892	329,794	70,743	\$ -	(465,355)	\$ -	(465,355)
Business-Type Activities							
Sewer	173,959	174,065				106	106
Total Business-Type Activities	173,959	174,065	-	-	-	106	106
Total Primary Government	\$ 1,039,851	\$ 503,859	\$ 70,743	\$ -	\$ (465,355)	\$ 106	\$ (465,249)
General Revenues							
Property Taxes					\$ 343,894		\$ 343,894
State-Shared Revenues					278,033		278,033
Unrestricted Investment Earnings					16,306	\$ 265	16,571
Special Item--Gain (Loss) on Disposal of Capital Assets					(147)		(147)
Total General Revenues and Special Items					638,086	265	638,351
Change in Net Assets					172,731	371	173,102
Net Assets--Beginning					5,225,015	1,713,321	6,938,336
Net Assets--Ending					\$ 5,397,746	\$ 1,713,692	\$ 7,111,438

**The Notes to Financial Statements are an integral part of this statement**

**DEERFIELD TOWNSHIP--LIVINGSTON COUNTY**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**March 31, 2007**

**EXHIBIT C**

	<b>MAJOR GOVERNMENTAL FUNDS</b>					
	General Fund	Municipal Road	Fire	Compliance, Impact, and Benefit	Non-Major Governmental Funds	Total Governmental Funds
<b><u>ASSETS</u></b>						
Cash and Cash Equivalents	\$ 231,393	\$ 199,191	\$ 152,614	\$ 108,847	\$ 50,804	\$ 742,849
Investments	187,518					187,518
Receivables						
Taxes--Delinquent	16,136	13,839				29,975
Special Assessments			22,443		2,500	24,943
Accounts	1,431			20,522		21,953
Due From State	45,648					45,648
Due From Other Funds	159,500					159,500
Total Assets	<u>\$ 641,626</u>	<u>\$ 213,030</u>	<u>\$ 175,057</u>	<u>\$ 129,369</u>	<u>\$ 53,304</u>	<u>\$ 1,212,386</u>
<b><u>LIABILITIES AND FUND EQUITY</u></b>						
Liabilities						
Accounts Payable	\$ 13,967		\$ 8,069			\$ 22,036
Due to Other Funds	20,323		158,500			178,823
Accrued Liabilities	535					535
Performance Deposits Payable	22,310					22,310
Escrow Deposits Payable	6,227					6,227
Total Liabilities	<u>63,362</u>	<u>\$ -</u>	<u>166,569</u>	<u>\$ -</u>	<u>\$ -</u>	<u>229,931</u>
Fund Equity						
Fund Balances						
Reserved for						
Municipal Road		213,030				213,030
Program Special Assessment			8,488		33,173	41,661
Compliance, Impact and Benefit				76,255		76,255
Capital Projects					20,131	20,131
Metro Act	13,127					13,127
Unreserved--Undesignated	565,137			53,114		618,251
Total Fund Equity	<u>578,264</u>	<u>213,030</u>	<u>8,488</u>	<u>129,369</u>	<u>53,304</u>	<u>982,455</u>
Total Liabilities and Fund Equity	<u>\$ 641,626</u>	<u>\$ 213,030</u>	<u>\$ 175,057</u>	<u>\$ 129,369</u>	<u>\$ 53,304</u>	<u>\$ 1,212,386</u>

**The Notes to Financial Statements are an integral part of this statement.**

**DEERFIELD TOWNSHIP--LIVINGSTON COUNTY  
RECONCILIATION OF FUND BALANCES ON THE  
BALANCE SHEET FOR GOVERNMENTAL FUNDS  
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES  
ON THE STATEMENT OF NET ASSETS  
March 31, 2007**

**EXHIBIT C-1**

Fund Balances--Total Governmental Funds	\$ 982,455
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Amounts reported for governmental activities in the Statement of  
Net Assets are different because:

Capital assets used in governmental activities are not financial  
resources and, therefore, are not reported in the funds.

Add--Capital Assets	5,225,755
Deduct--Accumulated Depreciation	<u>(269,259)</u>

Net Capital Asset Addition	<u>4,956,496</u>
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Long-term liabilities are not due and payable in the current period, therefore, they are not reported in the funds.	<u>(541,205)</u>
--	------------------

Net Assets of Governmental Activities	<u><u>\$ 5,397,746</u></u>
---------------------------------------	----------------------------

**The Notes to Financial Statements are an integral part of this statement.**

**DEERFIELD TOWNSHIP--LIVINGSTON COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended March 31, 2007**

**EXHIBIT D**

	<b>MAJOR GOVERNMENTAL FUNDS</b>					
	General Fund	Municipal Road	Fire	Compliance, Impact, and Benefit	Non-Major Governmental Funds	Total Governmental Funds
Revenues						
Taxes and Penalties	\$ 191,839	\$ 152,055				\$ 343,894
Licenses and Permits	22,115					22,115
State Grants	282,351					282,351
Contributions From Local Units	1,674					1,674
Charges for Services	7,816					7,816
Fines and Forfeitures	2,200					2,200
Interest and Rentals	33,906	2,585	\$ 1,300	\$ 60,527	\$ 339	98,657
Other Revenue	13,579	4,528	234,570	2,936	24,450	280,063
Total Revenues	555,480	159,168	235,870	63,463	24,789	1,038,770
Expenditures						
Current						
General Government	292,951					292,951
Public Safety	7,658		224,839			232,497
Public Works	12,096	90,656		20,000	32,400	155,152
Health and Welfare	1,800					1,800
Community and Economic Development	37,904					37,904
Other	62,950			1,853		64,803
Capital Outlay	1,506					1,506
Debt Service						
Principal	93,382		40,795			134,177
Interest	11,327		14,786			26,113
Total Expenditures	521,574	90,656	280,420	21,853	32,400	946,903
Excess of Revenues Over (Under) Expenditures	33,906	68,512	(44,550)	41,610	(7,611)	91,867
Other Financing Sources (Uses)						
Interfund Transfers In						
Primary Government	30,000		17,000		-	47,000
Interfund Transfers (Out)						
Primary Government	(17,000)			(30,000)	-	(47,000)
Total Other Financing Sources (Uses)	13,000	-	17,000	(30,000)	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	46,906	68,512	(27,550)	11,610	(7,611)	91,867
Fund Balance--April 1, 2006	531,358	144,518	36,038	117,759	60,915	890,588
Fund Balance--March 31, 2007	\$ 578,264	\$ 213,030	\$ 8,488	\$ 129,369	\$ 53,304	\$ 982,455

The Notes to Financial Statements are an integral part of this statement.

**DEERFIELD TOWNSHIP--LIVINGSTON COUNTY  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
For the Year Ended March 31, 2007**

**EXHIBIT D-1**

Net Change in Fund Balances--Total Governmental Funds \$ 91,867

Amounts reported for governmental activities in the statement of activities  
are different because:

Governmental funds report capital outlays as expenditures. However,  
in the Statement of Activities, the costs of those assets are allocated over  
their estimated useful lives and reported as depreciation expense.

Add--Capital Outlay	1,506
Deduct--Depreciation Expense	(54,672)
Deduct--Loss on Capital Asset Disposal	(147)

Repayment of loan principal is an expenditure in the governmental funds,  
but the repayment reduces long-term liabilities in the Statement of Net Assets.

Add--Principal Payments on Long-Term Liabilities	<u>134,177</u>
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Change in Net Assets of Governmental Activities	<u><u>\$ 172,731</u></u>
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**The Notes to Financial Statements are an integral part of this statement.**

**DEERFIELD TOWNSHIP--LIVINGSTON COUNTY  
STATEMENT OF NET ASSETS  
MAJOR ENTERPRISE FUND--SEWER FUND  
MARCH 31, 2007**

**EXHIBIT E**

<b><u>ASSETS</u></b>	<b><u>Business-Type Activities</u></b>
Current Assets	
Cash and Cash Equivalents	\$ 64,975
Accounts Receivable	<u>5,079</u>
Total Current Assets	<u>70,054</u>
Noncurrent Assets	
Capital Assets (Net of Accumulated Depreciation)	<u>1,726,770</u>
Total Noncurrent Assets	<u>1,726,770</u>
Total Assets	<u>1,796,824</u>
<b><u>LIABILITIES</u></b>	
Current Liabilities	
Accounts Payable	<u>38,314</u>
Total Current Liabilities	<u>38,314</u>
Noncurrent Liabilities	
Bonds Payable--Due Within One Year	19,208
Bonds Payable--Due in More Than One Year	<u>25,610</u>
Total Noncurrent Liabilities	<u>44,818</u>
Total Liabilities	<u>83,132</u>
<b><u>NET ASSETS</u></b>	
Investment in Capital Assets--Net of Related Debt	1,681,952
Unrestricted	<u>31,740</u>
Total Net Assets	<u><u>\$ 1,713,692</u></u>

**The Notes to Financial Statements are an integral part of this statement.**

**DEERFIELD TOWNSHIP--LIVINGSTON COUNTY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES**  
**IN NET ASSETS--MAJOR ENTERPRISE FUND--SEWER FUND**  
**For the Year Ended March 31, 2007**

**EXHIBIT F**

	<u>Business-Type Activities</u>
Operating Revenues	
Charges for Services	<u>\$ 174,065</u>
Total Operating Revenues	<u>174,065</u>
Operating Expenses	
Contractual Services	146,792
Depreciation	24,140
Administration Fees	<u>203</u>
Total Operating Expenses	<u>171,135</u>
Operating Income (Loss)	<u>2,930</u>
Nonoperating Revenues (Expenses)	
Interest and Investment Revenue	265
Interest Expense	<u>(2,824)</u>
Total Nonoperating Revenues (Expenses)	<u>(2,559)</u>
Income (Loss) Before Contributions and Transfers	<u>371</u>
Change in Net Assets	<u>371</u>
Total Net Assets--April 1, 2006	<u>1,713,321</u>
Total Net Assets--March 31, 2007	<u><u>\$ 1,713,692</u></u>

**The Notes to Financial Statements are an integral part of this statement.**

**DEERFIELD TOWNSHIP--LIVINGSTON COUNTY**  
**STATEMENT OF CASH FLOWS**  
**MAJOR ENTERPRISE FUND--SEWER FUND**  
**For the Year Ended March 31, 2007**

**EXHIBIT G**

	Business-Type Activities
Cash Flows From Operating Activities	
Receipts From Customers	\$ 175,852
Administrative Costs	(203)
Payments to Suppliers	<u>(108,478)</u>
Net Cash Provided by Operating Activities	<u>67,171</u>
Cash Flows From Capital and Related Financing Activities	
Bond Principal Payments	(19,207)
Interest Expense	<u>(2,824)</u>
Net Cash Provided by Capital and Related Financing Activities	<u>(22,031)</u>
Cash Flows From Investing Activities	
Interest Earned on Investments	<u>265</u>
Net Cash Provided by Investing Activities	<u>265</u>
Net Increase in Cash and Cash Equivalents	45,405
Cash and Cash Equivalents--April 1, 2006	<u>19,570</u>
Cash and Cash Equivalents--March 31, 2007	<u><u>\$ 64,975</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income (Loss)	\$ 2,930
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation	24,140
Changes in Assets and Liabilities	
Decrease (Increase) in Accounts Receivable	1,787
Increase (Decrease) in Accounts Payable	<u>38,314</u>
Net Cash Provided by Operating Activities	<u><u>\$ 67,171</u></u>

**The Notes to Financial Statements are an integral part of this statement.**

**DEERFIELD TOWNSHIP--LIVINGSTON COUNTY**  
**STATEMENT OF NET ASSETS**  
**FIDUCIARY FUNDS**  
**March 31, 2007**

**EXHIBIT H**

	Pension Trust	Agency
<b><u>ASSETS</u></b>		
Cash		\$ 95
Investments		1,321
Due From Other Funds	\$ 20,323	
Total Assets	<u>\$ 20,323</u>	<u>\$ 1,416</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
Liabilities		
Due to Other Funds--Primary Government		\$ 1,000
Undistributed Tax Collections		416
Total Liabilities	<u>\$ -</u>	<u>\$ 1,416</u>
Net Assets		
Held in Trust for Pension Benefits	<u>\$ 20,323</u>	

**The Notes to Financial Statements are an integral part of this statement.**

**DEERFIELD TOWNSHIP--LIVINGSTON COUNTY  
STATEMENT OF CHANGES IN NET ASSETS  
FIDUCIARY FUND  
For the Year Ended March 31, 2007**

**EXHIBIT I**

	<u>Pension Trust</u>
Additions	
Contributions	
Employer	<u>\$ 20,323</u>
Total Additions	<u>20,323</u>
Change in Net Assets	20,323
Net Assets--April 1, 2006	<u>-</u>
Net Assets--March 31, 2007	<u><u>\$ 20,323</u></u>

**The Notes to Financial Statements are an integral part of this statement.**

## DEERFIELD TOWNSHIP--LIVINGSTON COUNTY

### NOTES TO FINANCIAL STATEMENTS

#### NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Deerfield Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by Deerfield Township:

##### Reporting Entity

Deerfield Township, which covers an area of 36 square miles, is located in Livingston County. The township provides services to approximately 4,000 residents in many areas including fire protection, general administrative services, and community enrichment and development. Deerfield Township is a general law township governed by a 5-member board elected by the citizens of Deerfield Township. The township board consists of the supervisor, clerk, treasurer and two trustees whom reside in the community.

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity," these financial statements present the township for financial reporting purposes. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency and whether the financial statements would be misleading if component unit data were not included. Accordingly, there are no other governmental organizations required to be included in the financial statements of the township.

#### JOINTLY GOVERNED ORGANIZATION

##### Hartland Deerfield Fire Authority

The Hartland Deerfield Fire Authority consists of the Townships of Hartland and Deerfield. The principal office of the Authority is located at 3205 Hartland Road, Hartland, Michigan. Financial records for the board are recorded and maintained on a contractual basis by the Hartland Township Director of Finance. The Fire Authority Board shall determine the financial responsibility of each township of the approved authority budget for the subsequent fiscal year by applying a formula that combines weighted equivalents of State Equalized Value (SEV), population from the last available census, and an average of the past three years of incident hours per year.

Deerfield Township's appropriation to the Hartland Deerfield Fire Authority for the year ended March 31, 2007 was \$193,438 for operating expenses and \$31,472 for fire apparatus.

## DEERFIELD TOWNSHIP--LIVINGSTON COUNTY

### NOTES TO FINANCIAL STATEMENTS

#### NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

##### Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized when it is both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

## DEERFIELD TOWNSHIP--LIVINGSTON COUNTY

### NOTES TO FINANCIAL STATEMENTS

#### NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues are recognized in the accounting period in which they become susceptible to accrual, that is, when they become both measurable and available to finance expenditures of the fiscal period. Property taxes, intergovernmental revenue, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the township.

The township reports the following major governmental funds:

The General Fund is the township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Municipal Road Fund accounts for road maintenance and improvements, and is funded by a property tax millage.

The Fire Fund accounts for special assessments collected for the purpose of fire protection and emergency services provided by the Hartland Deerfield Fire Authority.

The Compliance, Impact and Benefit Fund accounts for gravel mining royalty revenue that is used for costs of compliance with environmental laws and regulations related to gravel mining, including road repairs and for general government activities.

The township reports the following major proprietary fund:

The Sewer Fund accounts for the sewer operations of the township.

Additionally, the township reports as fiduciary funds, the Pension Trust Fund and the Tax Collection Fund (agency fund):

The Pension Trust Fund accounts for the activities of the Deerfield Township Trust, which accumulates resources for pension benefit payments to qualified employees.

The Agency Fund accounts for current tax collections held on behalf of the township and other governments.

## DEERFIELD TOWNSHIP--LIVINGSTON COUNTY

### NOTES TO FINANCIAL STATEMENTS

#### NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Private-sector standards of accounting and financial reporting, issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The township has elected to consistently apply all applicable FASB pronouncements issued subsequent to November 30, 1989 in accounting and reporting for its proprietary operation.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services, and producing and delivering goods in connection with a proprietary fund's principal ongoing operations (sewer). Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

When both restricted and unrestricted resources are available for use, it is the township's policy to use restricted resources first, then unrestricted resources as they are needed.

#### Bank Deposits and Investments

For the purposes of the statement of cash flows, demand deposits and short-term investments with maturity of three months or less, when acquired, are considered to be cash equivalents. Investments for the government are reported at fair value.

#### Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

## DEERFIELD TOWNSHIP--LIVINGSTON COUNTY

### NOTES TO FINANCIAL STATEMENTS

#### NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Property Taxes

Generally accepted accounting principles require revenues to be recognized in the accounting period in which they become measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The township property tax is levied on each December 1<sup>st</sup> on the taxable valuation of property located in the township as of the preceding December 31<sup>st</sup>.

It is the township's policy to recognize revenues in the current year when the proceeds are budgeted and made available for the financing of township operations. Payment from the county for the 2006 delinquent taxes, which it purchased subsequent to March 31<sup>st</sup>, is recorded as delinquent taxes receivable in the General Fund and Municipal Road Fund.

The 2006 taxable value of Deerfield Township amounted to \$156,899,953, on which ad valorem taxes of .9352 mills, \$146,929, were levied for township operating purposes; and .9673 special voted mills, \$152,055, were levied for township road purposes. These taxes are recorded as revenue on township records in and for the fiscal year ended March 31, 2007.

##### Special Assessments

Special assessments are levied annually for fire authority, and lake level maintenance and improvement purposes. The assessment is payable on or after December 1<sup>st</sup>.

It is the township's policy to recognize revenues in the current year when the current assessments are collected. Payment from the county for the 2006 delinquent assessments, which it purchased subsequent to March 31<sup>st</sup>, is recorded as delinquent special assessments receivable in the special revenue funds.

##### Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

# DEERFIELD TOWNSHIP--LIVINGSTON COUNTY

## NOTES TO FINANCIAL STATEMENTS

### NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. The township has no infrastructure to report.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

	<u>Governmental Funds</u>	<u>Enterprise Fund</u>
Land Improvements	12 to 40 years	
Communications Tower	40 years	
Buildings	40 years	
Equipment and Furniture	5 to 10 years	
Sewer System		40 years

#### Long-Term Obligations

In the government-wide financial statements and proprietary fund type statements, the long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Assets. For new bond issuances after the implementation of GASB Statement No. 34, bond premiums and discounts as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

## DEERFIELD TOWNSHIP--LIVINGSTON COUNTY

### NOTES TO FINANCIAL STATEMENTS

#### NOTE B--STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

##### Budgets and Budgetary Accounting

The annual budget is prepared by the township supervisor and, after a public budget hearing is held, adopted by the township board at an open meeting of the board. The township board approves all subsequent amendments to the budget. The General Fund and Special Revenue Funds are under formal budgetary control. The budget has been prepared on the modified accrual basis of accounting, which is in accordance with generally accepted accounting principles. The budget has been adopted at the activity level. Budgeted revenues and expenditures include any authorized amendments to the original budget as adopted. Unexpended appropriations lapse at year end.

#### NOTE C--CASH AND INVESTMENTS

Michigan Compiled Laws (MCL), Section 129.91, authorizes the township to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities, and other direct obligations of the United States, or an agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The township's retirement plan investments will be held in trust by the investment fiduciary, Nationwide Trust Company. Michigan Compiled Laws, Section 38.1135, authorizes Deerfield Township's retirement plan investment fiduciary to invest in a wide variety of investments including stocks, bonds, certificates of deposit, real estate, annuity contract obligations of a specified nature, and real or personal property.

Deposits are carried at cost. Deposits of the township are at two banks in the name of the township. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in the instruments described in the preceding paragraph. The township's deposits are in accordance with statutory authority.

DEERFIELD TOWNSHIP--LIVINGSTON COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE C--CASH AND INVESTMENTS (Continued)

The risk disclosures for the township's deposits at March 31, 2007, as required by the Governmental Accounting Standards Board (GASB) Statement No. 40, are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Fiduciary Fund</u>	<u>Total</u>
Cash and Cash Equivalents	\$742,849	\$64,975	\$ 95	\$807,919
Investments	<u>187,518</u>	<u>          </u>	<u>1,321</u>	<u>188,839</u>
Total	<u><u>\$930,367</u></u>	<u><u>\$64,975</u></u>	<u><u>\$ 1,416</u></u>	<u><u>\$996,758</u></u>

The breakdown between deposits and investments is as follows:

	<u>Primary Government</u>
Bank Deposits (Checking and Savings Accounts, Certificates of Deposit)	\$ 807,819
Investments	188,839
Petty Cash and Cash on Hand	<u>100</u>
Total	<u><u>\$ 996,758</u></u>

The bank balances of the primary government's deposits are \$888,418, of which \$200,000 is covered by Federal depository insurance.

Investments Authorized by the Township's Investment Policy

The township's investment policy only authorizes investment in all those that are authorized by law. The township's investment policy does not limit its exposure to interest rate risk, credit risk, and concentration of credit risk.

The township has limited its investments to money markets.

Note: Subsequent to the March 31, 2007 fiscal year end, the township board adopted a GASB Statement No. 40 compliant Investment Policy on June 14, 2007.

DEERFIELD TOWNSHIP--LIVINGSTON COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE C--CASH AND INVESTMENTS (Continued)

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the township manages its exposure to interest rate risk is by participating in mutual funds which hold diverse investments that are authorized by law for direct investment.

<u>Investments</u>	<u>Fair Value</u>
Governmental Money Market Fund	\$ 188,839

Concentration of Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The mutual funds do not have a rating provided by a nationally recognized statistical rating organization.

The investment policy of the township contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by Michigan law.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Michigan law and the township's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Michigan law and the township's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools.

The nature of mutual funds, insurance annuities, bond funds and equity pools do not allow for risk-categorization, which is in accordance with GASB Statement No. 40.

DEERFIELD TOWNSHIP--LIVINGSTON COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE D--RECEIVABLES

Receivables as of year end for the primary government's individual major and nonmajor funds are as follows:

	Primary Government						
	General Fund	Municipal Road	Fire Fund	Compliance, Impact & Benefit	Sewer Fund	Non-Major Funds	Total
Taxes	\$ 16,136	\$ 13,839					\$ 29,975
Special Assessments			\$ 22,443			\$ 2,500	24,943
Accounts	1,431			\$ 20,522	\$ 5,079		27,032
Due From State	45,648						45,648
Less: Allowance for Uncollectibles							-
Total	<u>\$ 63,215</u>	<u>\$ 13,839</u>	<u>\$ 22,443</u>	<u>\$ 20,522</u>	<u>\$ 5,079</u>	<u>\$ 2,500</u>	<u>\$ 127,598</u>

DEERFIELD TOWNSHIP--LIVINGSTON COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE E--CAPITAL ASSETS

Capital asset activity of the township's governmental funds for the current year was as follows:

<u>Governmental Activities</u>	<u>Account Balances 04/01/06</u>	<u>Additions</u>	<u>Deductions</u>	<u>Account Balances 03/31/07</u>
Capital Assets Not Being Depreciated				
Land	\$ 3,344,441			\$ 3,344,441
Land Improvements	152,252			152,252
Park Land Improvements	37,289			37,289
Subtotal	<u>3,533,982</u>	<u>\$ -</u>	<u>\$ -</u>	<u>3,533,982</u>
Capital Assets Being Depreciated				
Land Improvements	107,680			107,680
Communications Tower	84,000			84,000
Buildings	1,391,453			1,391,453
Equipment and Furniture	107,379	1,506	245	108,640
Subtotal	<u>1,690,512</u>	<u>1,506</u>	<u>245</u>	<u>1,691,773</u>
Less Accumulated Depreciation				
Land Improvements	21,535	10,930		32,465
Communications Tower	4,200	2,100		6,300
Buildings	109,838	36,230		146,068
Equipment and Furniture	79,112	5,412	98	84,426
Subtotal	<u>214,685</u>	<u>54,672</u>	<u>98</u>	<u>269,259</u>
Net Capital Assets Being Depreciated	<u>1,475,827</u>	<u>1,506</u>	<u>54,819</u>	<u>1,422,514</u>
Governmental Activities Capital Total Capital Assets--Net of Depreciation	<u>\$ 5,009,809</u>	<u>\$ 1,506</u>	<u>\$ 54,819</u>	<u>\$ 4,956,496</u>

DEERFIELD TOWNSHIP--LIVINGSTON COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE E--CAPITAL ASSETS (Continued)

Capital asset activity of the township's enterprise fund for the current year was as follows:

<u>Business-Type Activities</u>	<u>Account Balances 04/01/06</u>	<u>Additions</u>	<u>Deductions</u>	<u>Account Balances 03/31/07</u>
Capital Assets Not Being Depreciated				
Land	\$ 14,077			\$ 14,077
Subtotal	14,077	\$ -	\$ -	14,077
Capital Assets Being Depreciated				
Sewage Disposal System	2,223,448			2,223,448
Subtotal	2,223,448	-	-	2,223,448
Less Accumulated Depreciation				
Sewage Disposal System	486,615	24,140		510,755
Subtotal	486,615	24,140	-	510,755
Net Capital Assets Being Depreciated	1,736,833	-	24,140	1,712,693
Business-Type Activities Capital Total				
Capital Assets--Net of Depreciation	<u>\$ 1,750,910</u>	<u>\$ -</u>	<u>\$ 24,140</u>	<u>\$ 1,726,770</u>

Depreciation expense was charged to programs of the primary government as follows:

Governmental Activities	
General Government	\$41,200
Public Safety	10,038
Recreation and Cultural	<u>3,434</u>
Total Governmental Activities	<u>\$54,672</u>
Business-Type Activities	
Sewer	<u>\$24,140</u>
Total Business-Type Activities	<u>\$24,140</u>

DEERFIELD TOWNSHIP--LIVINGSTON COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE F--INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

The amounts of the interfund receivables and payables for the township are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General	\$ 159,500	Fire Agency	\$ 158,500 1,000
Pension Trust	<u>\$ 20,323</u>	General	<u>20,323</u>
Total	<u><u>\$ 179,823</u></u>		<u><u>\$ 179,823</u></u>

The 2007 operating transfers can be summarized as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Fund</u>	<u>Transfers (Out)</u>
General	\$ 30,000	Compliance, Impact and Benefit	\$(30,000)
Fire	<u>17,000</u>	General	<u>(17,000)</u>
Totals	<u><u>\$ 47,000</u></u>		<u><u>\$(47,000)</u></u>

NOTE G--LONG-TERM DEBT

The township issues bonds to provide for the acquisition and construction of major capital improvements. General obligation bonds are direct obligations and pledge the full faith and credit of the township. Township contractual agreements and installment purchase agreements are also general obligations of the township. Special assessment bonds provide for capital improvements that benefit specific properties, and will be repaid from amounts levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the township is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a re-assessment of the district) are received. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

DEERFIELD TOWNSHIP--LIVINGSTON COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE G--LONG-TERM DEBT (Continued)

Bond and contractual obligation activity can be summarized as follows:

	<u>Balances</u> <u>04/01/06</u>	<u>Additions</u> <u>(Reductions)</u>	<u>Balances</u> <u>03/31/07</u>	<u>Due Within</u> <u>One Year</u>
<u>Governmental Activities</u>				
Installment Loan with First National Bank in Howell for a municipal building (Town Hall) (Cornerstone Engineering assigned an installment purchase agreement to First National Bank in Howell)	\$ 261,122	\$ (37,544)	\$223,578	\$ 42,083
Installment Loan with First National Bank in Howell for a municipal building (Town Hall) (Cornerstone Engineering assigned an installment purchase agreement to First National Bank in Howell)	55,838	(55,838)	-	
Installment Loan with First National Bank in Howell for a municipal building (Fire Hall) (Bernco Inc. assigned an installment purchase agreement to First National Bank in Howell)	<u>358,422</u>	<u>(40,795)</u>	<u>317,627</u>	<u>42,571</u>
Total Governmental Activities	<u>\$ 675,382</u>	<u>\$ (134,177)</u>	<u>\$541,205</u>	<u>\$ 84,654</u>
<u>Business-Type Activities</u>				
Sewage Disposal System Upgrade 3.7 - 4.5% 1999 Bonds	<u>\$ 64,025</u>	<u>\$ (19,207)</u>	<u>\$ 44,818</u>	<u>\$ 19,208</u>
Total Business-Type Activities	<u>\$ 64,025</u>	<u>\$ (19,207)</u>	<u>\$ 44,818</u>	<u>\$ 19,208</u>
Total Reporting Entity Activities	<u>\$ 739,407</u>	<u>\$ (153,384)</u>	<u>\$586,023</u>	<u>\$103,862</u>

DEERFIELD TOWNSHIP--LIVINGSTON COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE G--LONG-TERM DEBT (Continued)

The debt service requirements to maturity for the township's debt obligations outstanding at March 31, 2007, are as follows:

Annual Debt Service Requirements--Governmental Activities

Installment Loan Payable

Installment loan with First National Bank in Howell for a municipal building. (Cornerstone Engineering assigned an installment purchase agreement to First National Bank in Howell.)

Date of Loan: March 11, 2002 and renewed March 15, 2007

Amount of Renewal Loan: \$226,989

Renewal Interest Rate: 4.29%

The renewal loan bears interest at 4.29% payable in 60 monthly installments of \$2,336.75 plus a balloon payment of \$128,120 in March 2012. However, the township is actually making, and plans to continue making monthly installments of \$4,250.00 as follows:

<u>Fiscal Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
03/31/08	\$ 42,083	\$ 8,917	\$ 51,000
03/31/09	43,973	7,027	51,000
03/31/10	45,924	5,076	51,000
03/31/11	47,962	3,038	51,000
03/31/12	43,636	918	44,554
	<u>\$223,578</u>	<u>\$24,976</u>	<u>\$248,554</u>

DEERFIELD TOWNSHIP--LIVINGSTON COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE G--LONG-TERM DEBT (Continued)

Installment Loan Payable

Installment loan with First National Bank in Howell for a township fire hall building. (Bernco Inc. assigned an installment purchase agreement to First National Bank in Howell.)

Date of Loan: November 10, 2003

Amount of Loan: \$450,000

Interest Rate: 4.35%

The loan bears interest at 4.35% payable in 59 monthly installments of \$4,631.82 plus a balloon payment of \$253,999 in December 2008, as follows:

<u>Fiscal Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
03/31/08	\$ 42,571	\$13,011	\$ 55,582
03/31/09	<u>275,056</u>	<u>6,735</u>	<u>281,791</u>
	<u>\$317,627</u>	<u>\$19,746</u>	<u>\$337,373</u>

Annual Debt Service Requirements--Business-Type Activities

The township has a sewage disposal system in place for a portion of its properties. The township contracts with Argentine Township to handle fee collections and with Genesee County for maintenance of the system.

Sanitary Sewage Disposal System Upgrade Bonds

Deerfield Township and Argentine Township (Genesee County) entered into a Sanitary Sewage Disposal System Upgrade Bonds agreement with a total issue of \$675,000. Deerfield Township's share of the bonds is 25.61% or \$172,867.

Date of Issue: June 1, 1999

Interest Rate: 3.7 - 4.5%

<u>Fiscal Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
03/31/08	\$ 19,208	\$1,998	\$21,206
03/31/09	<u>25,610</u>	<u>1,152</u>	<u>26,762</u>
	<u>\$ 44,818</u>	<u>\$3,150</u>	<u>\$47,968</u>

## DEERFIELD TOWNSHIP--LIVINGSTON COUNTY

### NOTES TO FINANCIAL STATEMENTS

#### NOTE H--EMPLOYEES' RETIREMENT PLAN

##### Deerfield Township Trust Retirement Plan

The township has a retirement plan titled "Deerfield Township Trust" (Plan) which was established on December 14, 2006. The township offers its employees this defined contribution plan, which was created in accordance with Internal Revenue Code Section 401(a). The Plan is available to all full time employees and elected officials. In a defined contribution plan, benefits depend solely on amounts contributed to the Plan plus results of investment transactions. The Plan assets are invested by Nationwide Trust Company, FSB, which is the custodian and trustee for the Plan. The township acts as a public plan sponsor for the retirement plan. Each employee who is employed on the effective date of the Plan shall be eligible for coverage on that day provided he/she then meets the following requirements, otherwise to be eligible on the first policy anniversary on which he/she meets them; He/she has completed at least one year of continuous employment and his/her age is at least 18 years. Every employee who becomes subsequently employed shall be eligible on the first policy anniversary on which he/she meets the following requirements: He/she has completed at least two years of continuous employment and his/her age is at least 18 years. The township contributes 10% of the employees' annual compensation, based on the contribution provisions set up in the plan and trust agreement. The township's total payroll for April 1, 2006 through March 31, 2007 was \$203,232. The township made the required contribution of \$20,323 for FYE March 31, 2007. Employees do not contribute to the plan. Plan provisions and contribution requirements are established and may be amended by the township.

#### NOTE I--DEFERRED COMPENSATION PLAN

The township offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, which is available to all township employees, permits them to defer a portion of their salary until future years. The assets of the Plan are held in annuity contracts described in Internal Revenue Code Section 457, for the exclusive benefit for the participants (employees) and their beneficiaries. Participation in the Plan is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The Plan assets are held in trust for the exclusive benefit of participating employees and are not assessable by the government or its creditors. The administrators are agents of the employer for purposes of providing direction to the custodian of the custodial account from time to time for the investment of the funds held in the account, transfer of assets to or from the account and all other matters. In accordance with the provisions of GASB Statement No. 32 requirements, plan balances and activities are not reflected in the township's financial statements.

#### NOTE J--POST-EMPLOYMENT BENEFITS

Except for the pension plan and deferred compensation plan, the township does not offer post-employment benefits to its employees or elected officials.

## DEERFIELD TOWNSHIP--LIVINGSTON COUNTY

### NOTES TO FINANCIAL STATEMENTS

#### NOTE K--RISK MANAGEMENT

The township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The township continues to carry commercial insurance for property, liability, wrongful acts, crime, inland marine, and other risks of loss including workers' compensation and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past 3 fiscal years.

**DEERFIELD TOWNSHIP--LIVINGSTON COUNTY**  
**REQUIRED SUPPLEMENTAL INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**Year Ended March 31, 2007**

**EXHIBIT J**

	Original Budget	Final Amended Budget	Actual	Variance With Final Budget Positive (Negative)
Fund Balance--April 1, 2006	\$ 423,362	\$ 531,358	\$ 531,358	-
Resources (Inflows)				
Property Taxes	167,000	177,500	191,839	\$ 14,339
Licenses and Permits	6,000	6,000	22,115	16,115
State Grants	270,000	280,000	282,351	2,351
Contributions From Local Units of Government	1,000	1,000	1,674	674
Charges for Services	26,200	13,550	7,816	(5,734)
Fines and Forfeitures	500	2,000	2,200	200
Interest and Rentals	12,800	12,800	33,906	21,106
Other Revenue	15,000	15,000	13,579	(1,421)
Transfers From Other Funds	30,000	30,000	30,000	-
Amounts Available for Appropriation	951,862	1,069,208	1,116,838	47,630
Charges to Appropriations (Outflows)				
Current				
General Government	339,500	322,900	292,951	29,949
Public Safety	25,000	8,000	7,658	342
Public Works	8,500	12,200	12,096	104
Health and Welfare	3,800	3,800	1,800	2,000
Community and Economic Development	37,000	42,900	37,904	4,996
Other	48,000	64,000	62,950	1,050
Capital Outlay	5,000	2,500	1,506	994
Debt Service	66,000	110,000		5,291
Principal			93,382	
Interest			11,327	
Transfers to Other Funds	-	17,000	17,000	-
Total Charges to Appropriations	532,800	583,300	538,574	44,726
Fund Balance--March 31, 2007	\$ 419,062	\$ 485,908	\$ 578,264	\$ 92,356

**DEERFIELD TOWNSHIP--LIVINGSTON COUNTY**  
**REQUIRED SUPPLEMENTAL INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**MUNICIPAL ROAD FUND**  
**Year Ended March 31, 2007**

**EXHIBIT K**

	Original Budget	Final Amended Budget	Actual	Variance With Final Budget Positive (Negative)
Fund Balance--April 1, 2006	\$ 109,535	\$ 144,518	\$ 144,518	-
Resources (Inflows)				
Property Taxes	130,000	130,000	152,055	\$ 22,055
Interest and Rentals	500	500	2,585	2,085
Other Revenue			4,528	4,528
Amounts Available for Appropriation	240,035	275,018	303,686	28,668
Charges to Appropriations (Outflows)				
Current				
Public Works	163,500	104,500	90,656	13,844
Total Charges to Appropriations	163,500	104,500	90,656	13,844
Fund Balance--March 31, 2007	\$ 76,535	\$ 170,518	\$ 213,030	\$ 42,512

**DEERFIELD TOWNSHIP--LIVINGSTON COUNTY**  
**REQUIRED SUPPLEMENTAL INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**FIRE FUND**  
**Year Ended March 31, 2007**

**EXHIBIT L**

	Original Budget	Final Amended Budget	Actual	Variance With Final Budget Positive (Negative)
Fund Balance--April 1, 2006	\$ 46,342	\$ 36,038	\$ 36,038	-
Resources (Inflows)				
Interest and Rentals			1,300	\$ 1,300
Other Revenue	230,000	234,500	234,570	70
Transfers From Other Funds	25,000	17,000	17,000	-
Amounts Available for Appropriation	301,342	287,538	288,908	1,370
Charges to Appropriations (Outflows)				
Current				
Public Safety	222,472	226,622	224,839	1,783
Capital Outlay	20,000			-
Debt Service				
Principal	40,795	40,795	40,795	-
Interest	14,787	14,787	14,786	1
Total Charges to Appropriations	298,054	282,204	280,420	1,784
Fund Balance--March 31, 2007	\$ 3,288	\$ 5,334	\$ 8,488	\$ 3,154

**DEERFIELD TOWNSHIP--LIVINGSTON COUNTY  
REQUIRED SUPPLEMENTAL INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
COMPLIANCE, IMPACT AND BENEFIT FUND  
Year Ended March 31, 2007**

**EXHIBIT M**

	Original Budget	Final Amended Budget	Actual	Variance With Final Budget Positive (Negative)
Fund Balance--April 1, 2006	\$ 85,057	\$ 117,759	\$ 117,759	-
Resources (Inflows)				
Interest and Rentals	60,500	44,500	60,527	\$ 16,027
Other Revenue	4,000	4,000	2,936	(1,064)
Amounts Available for Appropriation	149,557	166,259	181,222	14,963
Charges to Appropriations (Outflows)				
Current				
Public Works		20,000	20,000	-
Other	4,000	4,000	1,853	2,147
Transfers to Other Funds	30,000	30,000	30,000	-
Total Charges to Appropriations	34,000	54,000	51,853	2,147
Fund Balance--March 31, 2007	\$ 115,557	\$ 112,259	\$ 129,369	\$ 17,110

**DEERFIELD TOWNSHIP--LIVINGSTON COUNTY**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**March 31, 2007**

**EXHIBIT N**

	<b>SPECIAL REVENUE FUNDS</b>				<b>CAPITAL PROJECTS FUND</b>	
	Hidden Lake Special Assessment	Lobdell Lake Special Assessment	Ryan Lake Special Assessment	Katrine Hills Special Assessment	Deerfield Hills Park	Total
<b><u>ASSETS</u></b>						
Cash	\$ 3,036	\$ 14,601	\$ 10,112	\$ 2,924	\$ 20,131	\$ 50,804
Receivables						
Special Assessments	300	1,000	1,200			2,500
Total Assets	\$ 3,336	\$ 15,601	\$ 11,312	\$ 2,924	\$ 20,131	\$ 53,304
<b><u>LIABILITIES AND FUND BALANCES</u></b>						
Fund Balances						
Reserved for						
Program Special Assessments	3,336	15,601	11,312	2,924		33,173
Capital Projects					20,131	20,131
Total Fund Balances	3,336	15,601	11,312	2,924	20,131	53,304
Total Liabilities and Fund Balances	\$ 3,336	\$ 15,601	\$ 11,312	\$ 2,924	\$ 20,131	\$ 53,304

**DEERFIELD TOWNSHIP--LIVINGSTON COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended March 31, 2007**

**EXHIBIT O**

	<b>SPECIAL REVENUE FUNDS</b>				<b>CAPITAL PROJECTS FUND</b>	
	Hidden Lake Special Assessment	Lobdell Lake Special Assessment	Ryan Lake Special Assessment	Katrine Hills Special Assessment	Deerfield Hills Park	Total
Revenues						
Interest and Rents	\$     6	\$   108	\$    49	\$     3	\$   173	\$    339
Other	3,900	8,600	8,800	3,150		24,450
Total Revenues	3,906	8,708	8,849	3,153	173	24,789
Expenditures						
Current						
Public Works	3,419	15,227	11,266	2,488		32,400
Capital Outlay						-
Total Expenditures	3,419	15,227	11,266	2,488	-	32,400
Excess of Revenues Over (Under) Expenditures	487	(6,519)	(2,417)	665	173	(7,611)
Fund Balance--April 1, 2006	2,849	22,120	13,729	2,259	19,958	60,915
Fund Balance--March 31, 2007	\$  3,336	\$ 15,601	\$ 11,312	\$  2,924	\$ 20,131	\$ 53,304

**DEERFIELD TOWNSHIP--LIVINGSTON COUNTY**  
**SCHEDULE OF REVENUES AND OTHER SOURCES--BY SOURCE**  
**BUDGET AND ACTUAL--GENERAL FUND**  
**For the Year Ended March 31, 2007**

**EXHIBIT P**

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Taxes				
Current Property Taxes	\$ 139,000	\$ 145,000	\$ 146,929	\$ 1,929
Payments in-Lieu-of Taxes			264	264
Property Tax Administration Fees	28,000	32,500	44,646	12,146
Total Taxes	167,000	177,500	191,839	14,339
Licenses and Permits				
Cable Franchise Fees	6,000	6,000	15,650	9,650
Land Use Permits			6,465	6,465
Total Licenses and Permits	6,000	6,000	22,115	16,115
State Grants				
Metro Act			4,318	4,318
Revenue Sharing	270,000	280,000	278,033	(1,967)
Total State Grants	270,000	280,000	282,351	2,351
Contributions From Local Units of Government				
Livingston County--Solid Waste Management	1,000	1,000	1,674	674
Total Contributions From Local Units of Government	1,000	1,000	1,674	674
Charges for Services				
Zoning Fees	22,000	8,750	3,881	(4,869)
Zoning Board of Appeals			18	18
Other Administration Fees	3,500	4,000	3,105	(895)
Copies and Printed Materials Sales	700	800	812	12
Total Charges for Services	26,200	13,550	7,816	(5,734)
Fines and Forfeitures				
Bond Forfeitures	500	2,000	2,200	200
Total Fines and Forfeitures	500	2,000	2,200	200
Interest and Rents				
Interest Earned	3,800	3,800	16,306	12,506
Rent	9,000	9,000	17,600	8,600
Total Interest and Rents	12,800	12,800	33,906	21,106
Other Revenue				
Election Reimbursements	15,000	15,000	4,069	(10,931)
Other Reimbursements			9,510	9,510
Total Other Revenue	15,000	15,000	13,579	(1,421)
Total Revenues	498,500	507,850	555,480	47,630
Other Sources				
Operating Transfers In From Compliance, Impact and Benefit Fund	30,000	30,000	30,000	-
Total Other Sources	30,000	30,000	30,000	-
Total Revenue and Other Sources	\$ 528,500	\$ 537,850	\$ 585,480	\$ 47,630

**DEERFIELD TOWNSHIP--LIVINGSTON COUNTY**  
**SCHEDULE OF EXPENDITURES AND OTHER USES--BY ACTIVITY**  
**BUDGET AND ACTUAL--GENERAL FUND**  
**For the Year Ended March 31, 2007**

**EXHIBIT Q**

	Original Budget	Amended Budget	Actual	Favorable (Unfavorable)
General Government				
Township Board	\$ 15,000	\$ 14,400	\$ 13,473	\$ 927
Supervisor	30,000	28,800	26,479	2,321
Clerk	60,000	67,500	62,364	5,136
Board of Review	1,500	2,700	2,353	347
Other General Services--Administration	45,000	41,000	36,212	4,788
Treasurer	45,000	44,500	41,052	3,448
Assessor	37,000	38,000	37,714	286
Elections	33,000	15,000	12,445	2,555
Building and Grounds	40,000	37,000	28,464	8,536
Attorney	23,000	24,000	22,455	1,545
Audit	10,000	10,000	9,940	60
Total General Government	339,500	322,900	292,951	29,949
Public Safety				
Fire	25,000	8,000	7,658	342
Total Public Safety	25,000	8,000	7,658	342
Public Works				
Drains-at-Large Assessments	1,000	5,200	5,178	22
Refuse Collection and Disposal	7,500	7,000	6,918	82
Total Public Works	8,500	12,200	12,096	104
Health and Welfare				
Community Action Programs	3,800	3,800	1,800	2,000
Total Health and Welfare	3,800	3,800	1,800	2,000
Community and Economic Development				
Planning Commission	15,000	22,000	18,920	3,080
Zoning Administration Department	18,000	19,400	18,119	1,281
ZBA Department	4,000	1,500	865	635
Total Community and Economic Development	37,000	42,900	37,904	4,996
Other	48,000	64,000		
Insurance and Bonds			20,735	
Workers Compensation			2,745	
Unemployment Insurance			3,075	
Social Security and Medicare--Township Share			16,072	
Retirement			20,323	
Total Other	48,000	64,000	62,950	1,050

**DEERFIELD TOWNSHIP--LIVINGSTON COUNTY**  
**SCHEDULE OF EXPENDITURES AND OTHER USES--BY ACTIVITY**  
**BUDGET AND ACTUAL--GENERAL FUND**  
**For the Year Ended March 31, 2007**

**EXHIBIT Q**  
**(CONTINUED)**

	Original Budget	Amended Budget	Actual	Favorable (Unfavorable)
Capital Outlay	5,000	2,500		
Office Equipment and Furniture			1,506	
Total Capital Outlay	5,000	2,500	1,506	994
Debt Service	66,000	110,000		
Principal			93,382	
Interest			11,327	
Total Debt Service	66,000	110,000	104,709	5,291
Total Expenditures	532,800	566,300	521,574	44,726
Other Uses				
Operating Transfers (Out)				
Fire Fund	-	17,000	17,000	-
Total Other Uses	-	17,000	17,000	-
Total Expenditures and Other Uses	\$ 532,800	\$ 583,300	\$ 538,574	\$ 44,726



JENNIFER M. GRANHOLM  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

ROBERT J. KLEINE  
STATE TREASURER

September 20, 2007

Township Board  
Township of Deerfield  
4492 Center Road  
Linden, Michigan 48451

RE: Report on Internal Control Over Financial Reporting and on Compliance and  
Other Matters Based on an Audit of the Financial Statements Performed in  
Accordance With Government Auditing Standards

Dear Board Members:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Deerfield Township, Livingston County, Michigan, as of and for the year ended March 31, 2007, which collectively comprise Deerfield Township's basic financial statements and have issued our report thereon dated September 20, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Deerfield Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Deerfield Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Deerfield Township's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the township's financial statements that is more than inconsequential will not be prevented or detected by the township's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the township's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Deerfield Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the township board, management, Federal awarding agencies, and State and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.



Cary Jay Vaughn, CPA, CGFM  
Audit Manager  
Local Audit and Finance Division